

LOUISIANA AUTOMOBILE THEFT AND INSURANCE FRAUD PREVENTION AUTHORITY (LATIFPA)

**LOUISIANA DEPARTMENT OF INSURANCE
Commissioner of Insurance James J. Donelon**



Report to the Legislature

January 1, 2005 – December 31, 2005

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Mission Statement

“To deter and reduce vehicle theft and insurance fraud through a statewide cooperative effort of generating funds to support law enforcement, public awareness, community involvement and education initiatives”

LETTER TO THE LEGISLATURE

I am pleased to present to you the Louisiana Automobile Theft and Insurance Fraud Prevention Authority (LATIFPA) Report to the Legislature for calendar year 2005, in accordance with LRS 22:3201.

Since its inception in 2004, LATIFPA has made significant strides in providing the necessary structure under which to operate. LATIFPA has developed its Plan of Operation, Bylaws, 2006 Operating Budget, General Cooperative Endeavor Agreement for maximum program implementation, Statewide Auto Theft and Fraud Prevention Strategy and Grant Award Guidelines.

Vehicle theft continues to be a major concern in Louisiana and requires a coordinated statewide effort to develop, implement and sustain a successful program that helps address this major concern. LATIFPA is working together with local law enforcement agencies around the state and the National Insurance Crime Bureau to implement an official bait car program in the state of Louisiana for the purpose of reducing auto thefts.

LATIFPA has been very successful in its efforts to raise money to develop and implement its programs and is pleased to report that it has received the generous financial support of the top 10 licensed property and casualty insurance companies in the state of Louisiana.

During calendar year 2006, LATIFPA will continue to solicit funding to meet its current budget. LATIFPA will furthermore implement programs that not only assist law enforcement agencies in combating vehicle theft and insurance fraud but also increase public awareness and education regarding vehicle theft and insurance fraud.

LATIFPA remains committed to reducing the incidence of vehicle theft and insurance fraud in the state of Louisiana and, with support from the Louisiana State Police Insurance Fraud Unit, the Louisiana Department of Justice, the insurance industry, law enforcement agencies, business partners and community organizations around the state we will accomplish our goals.

Sincerely,



James J. Donelon, Chairman
Commissioner of Insurance

JJD:dec

EXECUTIVE SUMMARY

Introduction

Act 711 of the 2004 Regular Session of the Louisiana Legislature created the **Louisiana Automobile Theft and Insurance Fraud Prevention Authority (LATIFPA)**. LATIFPA is a public agency whose purpose is to combat motor vehicle theft, including fraud by theft and other criminal acts.

Act 711 also establishes an Automobile Theft and Insurance Fraud Prevention Authority Fund within LATIFPA. This specially created funding mechanism is used to collect and disburse funds through a grant process for the purpose of reducing motor vehicle theft and insurance fraud. LATIFPA may solicit and accept gifts, grants, donations, loans and other assistance from any person or entity, private or public. LATIFPA may establish programs in conjunction with other state agencies, local governing authorities and law enforcement agencies for motor vehicle theft and insurance fraud prevention, detection and enforcement. LATIFPA may make grants to other state agencies, local governing authorities and law enforcement agencies for motor vehicle theft and insurance fraud prevention, detection and enforcement. LATIFPA may further engage in cooperative endeavors with any public or private association, corporation or individual with similar obligations and purpose as long as all expenditures are for a public purpose and create a public benefit proportionate to the cost.

LATIFPA is governed by an 11-member Board of Directors, representing the Department of Insurance and related governmental entities. They include the Commissioner of Insurance or his designee, the State Treasurer or his designee, a representative of the Louisiana State Police Insurance Fraud Unit, the chairman of the Senate Committee on Insurance or his designee, the chairman of the House Committee on Insurance or his designee, two members appointed by the Attorney General, to represent law enforcement officials in this state, two members representing motor vehicle insurers doing business in this state and two members representing purchasers of motor vehicle insurance. LATIFPA has a three-person staff responsible for executing its strategic plan.

Board of Directors

(See Appendix 2)

The Honorable James J. Donelon, Commissioner of Insurance
LATIFPA Chairman
Louisiana Department of Insurance

The Honorable John N. Kennedy, Louisiana State Treasurer
Louisiana State Treasurer's Office

Lieutenant Allen Carpenter, Supervisor
Louisiana State Police Insurance Fraud Unit

The Honorable James David Cain, Chairman
Louisiana Senate Insurance Committee

The Honorable Karen R. Carter, Chairwoman
Louisiana House Insurance Committee

Mike Boydstun
Many, Louisiana

Joseph Dupuis, Jr., Attorney at Law
Milling, Benson & Woodward
Lafayette, Louisiana

Larry E. Hinton, General Counsel
GEICO Companies
Washington, D.C.

Richard Soileau, General Manager
Safeway Insurance of Louisiana
Lafayette, Louisiana

Clement Story, III, Special Counsel to the Attorney General
Louisiana Department of Justice
Baton Rouge, Louisiana

Rodley Henry, Deputy Director, Public Protection Division
And Chief of the Auto Fraud Section
Louisiana Department of Justice
Baton Rouge, Louisiana

Staff

(See Appendix 3)

Denise Cassano, Director
Louisiana Automobile Theft and Insurance
Fraud Prevention Authority

Kevin Smith, Assistant Director
Louisiana Automobile Theft and Insurance
Fraud Prevention Authority

Chris Fontenot, Legal Counsel Appointee
Louisiana Automobile Theft and Insurance
Fraud Prevention Authority

Summary

In January 2005, **LATIFPA** issued its plan of operation which reflected the interest and concerns of state and local law enforcement officials, the insurance industry, neighborhood and community groups, educational institutions, professional organizations and the insured. During that year **LATIFPA** completed its Extended Plan of Operation, Bylaws, 2006 Operating Budget, General Cooperative Endeavor Agreement for program implementation, Grant Award Guidelines and Statewide Auto Theft and Fraud Prevention Strategy.

LATIFPA conducted three public meetings during the period of January 1, 2005, through January 31, 2005.

In 2005 **LATIFPA** received \$88,500 from motor vehicle insurers licensed in the state of Louisiana to reduce motor vehicle theft and insurance fraud.

Also in 2005, the **LATIFPA** board voted to form a steering committee for the purpose of developing a formal Louisiana bait car program, in cooperation with the National Insurance Crime Bureau (NICB). The goals adopted by this committee were to 1) reduce the incidence of automobile theft in Louisiana; 2) increase public awareness of vehicle theft problem/bait vehicle program; 3) and establish a review process in conjunction with law enforcement organizations to determine organization effectiveness. This committee also assists its board members in the selection process for placing and equipping any vehicles received by **LATIFPA**. These cars will be used in the investigation of insurance-related crime and/or fraud to protect consumers and maintain the cost of insurance. They will be solicited by **LATIFPA** from insurance carriers licensed in Louisiana selling motor vehicle insurance and facilitated through the National Insurance Crime Bureau to policing bodies and agencies.

In August 2005, **LATIFPA** facilitated the donation of a GMC Yukon from Metropolitan Property and Casualty Insurance Company for use as a bait car. The transfer of this vehicle was to the National Insurance Crime Bureau and placed for use in November 2005 by the Northwest Louisiana Auto Theft Task Force.

During its November meeting, the **LATIFPA** Board of Directors voted to donate a sum of \$11,512 to the National Insurance Crime Bureau to equip the donated GMC Yukon as a bait car.

LATIFPA continues to partnership with the NICB to formalize its bait car program.

PROBLEM ASSESSMENT

Vehicle Theft



In Louisiana, as is the case across the country, vehicles are stolen for a variety of reasons. They may be stolen simply as a means of transportation. However, criminals often steal vehicles in order to facilitate other crimes or for profit. Professional thieves often operate “chop shops,” where stolen vehicles are stripped and component parts are sold to unsuspecting buyers or unscrupulous auto repair shops. They may also try to conceal the stolen vehicles’ identity by “VIN-switching” with wrecked or salvaged vehicles and then selling the stolen vehicles to unsuspecting buyers.

According to the National Insurance Crime Bureau, using National Crime Information Center data, the 1995 Honda Civic was the most frequently stolen vehicle in 2004. Motor vehicle thieves typically target imports over domestic brands because some of their parts are interchangeable and thieves dismantle them for their components. Listed below are the top 10 vehicles stolen in 2004.

Rank	Year, Make, Model
1	1995 Honda Civic
2	1989 Toyota Camry
3	1991 Honda Accord
4	1994 Dodge Caravan
5	1994 Chevrolet C/K 1500 Pickup
6	1997 Ford F150 Series
7	2003 Dodge Ram Pickup
8	1990 Acura Integra
9	1988 Toyota Pickup
10	1991 Nissan Sentra

According to the Federal Bureau of Investigation Uniform Crime Report, there were more than 1.2 million motor vehicle thefts in the United States in 2004, at an estimated cost of \$8.2 billion dollars. In Louisiana there were 19,714 vehicles reported stolen, ranking Louisiana twenty-first in the nation in actual number of vehicles stolen.

The report also shows that the nationwide motor vehicle theft rate per 100,000 inhabitants was 421.3. In Louisiana, the 2004 theft rate per 100,000 inhabitants was 436.6, up from 433.4 in 2003.

Motor Vehicle Theft by State

Comparison 2003/2004

Ranked by Vehicle Theft Rate for Calendar Year 2004

RANK	STATE	TOTAL # IN 2004	TOTAL # IN 2003	*RATE/100,000
1	District of Columbia	8,408	9,903	1,519.0
2	Nevada	22,635	20,838	969.5
3	Arizona	55,306	56,997	962.9
4	California	252,604	241,326	703.8
5	Washington	43,233	40,619	696.9
6	Hawaii	8,620	9,651	682.6
7	Maryland	35,858	36,405	645.2
8	Colorado	24,063	22,699	522.9
9	Oregon	18,535	18,989	515.6
10	Georgia	44,238	43,371	501.0
17	Michigan	50,555	53,736	499.9
12	Florida	78,325	81,563	450.2
13	Missouri	25,893	28,659	450.0
14	Louisiana	19,714	19,882	436.6
15	Tennessee	24,749	26,410	419.4
16	Texas	94,077	98,204	418.3
17	New Mexico	7,902	7,256	415.2
18	Rhode Island	4,078	4,387	377.4
19	South Carolina	15,637	15,762	372.5
20	Oklahoma	12,957	12,958	367.7
21	Ohio	40,853	40,996	356.5
22	New Jersey	30,306	34,568	348.4
23	Massachusetts	22,053	25,506	343.7
24	Alaska	2,240	2,448	341.8
25	Indiana	21,091	20,768	338.1
26	Utah	7,651	7,764	320.3
27	Illinois	40,355	41,764	317.4
28	North Carolina	26,988	26,892	316.0
29	Connecticut	11,025	11,026	314.7
30	Alabama	14,024	14,957	309.6
31	Kansas	8,435	7,777	308.4
32	Nebraska	5,287	6,124	302.6
33	Mississippi	7,879	8,949	271.4
34	Minnesota	13,518	13,759	265.0
35	Puerto Rico	10,128	12,211	260.0
36	Delaware	2,147	2,880	258.6
37	Pennsylvania	30,969	33,442	249.6
38	Arkansas	6,491	6,010	235.8
39	Virginia	17,411	17,914	233.4
40	New York	41,002	45,217	213.3
41	Kentucky	8,772	9,366	211.6
42	Wisconsin	11,374	12,320	206.5
43	West Virginia	3,739	3,524	206.0
44	Idaho	2,724	2,609	195.5
45	Iowa	5,404	5,601	182.9
46	Montana	1,618	1,906	174.6
47	Wyoming	799	798	157.7
48	New Hampshire	1,942	1,917	149.4
49	North Dakota	906	1,078	142.8
50	South Dakota	846	874	109.7
51	Maine	1,303	1,456	98.9
52	Vermont	575	646	92.5

*Motor Vehicle Theft Rate Per 100,000 Inhabitants

Information obtained from the U.S. Department of Justice Federal Bureau of Investigation "Crime in the United States" 2004 Uniform Crime Report

In the past, New Orleans has consistently ranked highest in the state for motor vehicle theft. According to the FBI 2004 Uniform Crime Report, New Orleans was once again ranked highest, reporting 6,534 motor vehicle thefts. However, because of Hurricane Katrina, the population in New Orleans has been greatly reduced while other areas of the state have seen sharp increases in their population, creating the opportunity for auto theft and insurance fraud. A large percentage of those crimes can also be expected to migrate to other locations including the areas of Shreveport and Baton Rouge. Shreveport already had a gang element and was a proven thoroughfare for auto theft and other related criminal activities. According to the FBI 2004 Uniform Crime Report, Shreveport-Bossier reported 1,751 motor vehicle thefts in 2004. Baton Rouge is next, reporting 1,562 motor vehicle thefts in 2004.

**Motor Vehicle Theft Offenses Known to Law Enforcement/Louisiana by City 10,000
and over in Population, 2004**

City by state	Population	Motor vehicle theft
Louisiana		
Alexandria	45,846	211
Baker	13,611	39
Baton Rouge	226,063	1,562
Bogalusa	13,005	72
Bossier City	58,362	305
Crowley	14,000	18
Eunice	11,636	40
Gretna	17,254	103
Houma	32,163	108
Jennings	10,758	31
Kenner	70,505	367
Lafayette	112,150	405
Lake Charles	71,041	185
Mandeville	11,526	12
Minden	13,371	23
Monroe	52,388	256
Morgan City	12,335	29
Natchitoches	18,191	42
New Orleans	471,057	6,534
Pineville	13,918	35
Ruston	20,723	36
Shreveport	199,221	1,446
Slidell	27,063	136
Thibodaux	14,526	28
West Monroe	13,074	50
Westwego	10,572	18
Zachary	11,842	20

Motor Vehicle Theft Offenses Known to Law Enforcement by City 10,000 and over in Population

Information obtained from the U.S. Department of Justice Federal Bureau of Investigation "Crime in the United States" 2004
Uniform Crime Report

Motor Vehicle Theft in Louisiana by Metropolitan Statistical Area, 2004

Metropolitan Statistical Area	Population	Motor vehicle theft
Alexandria, LA M.S.A.	146,914	
(Includes Grant and Rapides Parishes.)		
City of Alexandria	45,846	211
Total area actually reporting	94.1%	452
Estimated total	100.0%	481
Rate per 100,000 inhabitants		327.4
Baton Rouge, LA M.S.A.	725,771	
(Includes Ascension, East Baton Rouge, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, West Baton Rouge, and West Feliciana Parishes.)		
City of Baton Rouge	226,063	1,562
Total area actually reporting	98.3%	2,742
Estimated total	100.0%	2,783
Rate per 100,000 inhabitants		383.5
Houma-Bayou Cane-Thibodaux, LA M.S.A.	198,242	
(Includes Lafourche and Terrebonne Parishes.)		
City of:		
Houma	32,163	108
Thibodaux	14,526	28
Total area actually reporting	98.7%	510
Estimated total	100.0%	519
Rate per 100,000 inhabitants		261.8
Lafayette, LA M.S.A.	245,206	
(Includes Lafayette and St. Martin Parishes.)		
City of Lafayette	112,150	405
Total area actually reporting	76.7%	606
Estimated total	100.0%	792
Rate per 100,000 inhabitants		323.0
Lake Charles, LA M.S.A.	194,434	
(Includes Calcasieu and Cameron Parishes.)		
City of Lake Charles	71,041	185
Total area actually reporting	96.6%	495
Estimated total	100.0%	517
Rate per 100,000 inhabitants		265.9
Monroe, LA M.S.A.	171,602	
(Includes Ouachita and Union Parishes.)		
City of Monroe	52,388	256
Total area actually reporting	98.0%	391
Estimated total	100.0%	402
Rate per 100,000 inhabitants		234.3
New Orleans-Metairie-Kenner, LA M.S.A.	1,323,234	
(Includes Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John the Baptist, and St. Tammany Parishes.)		
City of:		
New Orleans	471,057	6,534
Kenner	70,505	367
Total area actually reporting	99.8%	10,506
Estimated total	100.0%	10,513
Rate per 100,000 inhabitants		794.5
Shreveport-Bossier City, LA M.S.A.	379,966	
(Includes Bossier, Caddo, and De Soto Parishes.)		
City of:		
Shreveport	199,221	1,446
Bossier City ¹	58,362	305
Total area actually reporting	99.5%	2,015
Estimated total	100.0%	2,021
Rate per 100,000 inhabitants		531.9

Motor Vehicle Theft in Louisiana by Metropolitan Statistical Area

Information obtained from the U.S. Department of Justice Federal Bureau of Investigation "Crime in the United States" 2004
Uniform Crime Report

Auto theft is covered under the comprehensive section of an auto insurance policy. This applies to the loss of a vehicle as well as the loss of vehicle parts. Comprehensive coverage, which is not mandatory, also pays for vandalism, fire and weather-related damage, which includes damage from flooding and earthquakes.

Premium rates for comprehensive insurance are significantly affected by the likelihood that an insurance car will be stolen or damaged. The average comprehensive premium rose 11.2 percent from 1999 to 2003, according to recent data.

Insurance Fraud



Insurance fraud ranks second only to tax evasion as the most costly white-collar crime in the country, as reported by the Insurance Information Institute, costing Americans at least \$30 billion dollars in 2004 alone. Many industry experts estimate it costs the average household \$200 to \$300 in insurance premiums each year.

Common types of insurance fraud include “padding” or inflating legitimate claims, misrepresentation on an insurance application, submitting claims for injuries or damages that never occurred and staging accidents. Crimes such as staged accidents are primarily planned and executed by members of gangs or organized crime groups. One type of staged accidents involves two planted motor vehicles. One pulls in front of an unsuspecting motorist and slows down, causing the targeted motorist to brake suddenly. The second vehicle then crashes into the target and the driver makes an insurance claim for damages and possibly bodily injury, on the charge that the victim failed to maintain control of the vehicle.

The hurricanes of 2005, especially Hurricane Katrina, are likely to result in increased insurance fraud in Louisiana. Opportunities for insurance fraud are many after a disaster. Passing off flooded cars for sound ones, claiming losses under homeowners policies for items or damage when there was no insured loss and inflating invoices for repairs to homes are just a few of the possibilities.

One of the most significant and costly types of insurance fraud is unfounded bodily injury liability claims such as a whiplash. Such misrepresentation of fact on claims costs the insurance industry billions of dollars a year. According to a recent study in California, one in 10 paid bodily injury claims in that state had the appearance of fraud or fact misrepresentation as a result of claim buildup or padding of claims.

In the fiscal year ending June 30, 2004, the number of fraud claims filed with the Louisiana Department of Insurance had increased from 1,025 to 1,552. Just two years before, that figure had only been 504. The cost to insurance companies and their policyholders for such fraudulent claims is estimated to be in the hundreds of millions of dollars.

Insurance fraud is a problem that not only affects Louisiana and its citizens but the entire country. Louisiana has taken the initiative in identifying, combating and prosecuting insurance fraud through cooperative efforts of Insurance Fraud Units by the Louisiana State Police, the Louisiana Department of Insurance and the Louisiana Attorney General's Office, together with the full support of the Governor's office and the Legislature and in conjunction with the National Insurance Crime Bureau.

INITIATIVES

The LATIFPA 2005 Plan of Operation embraces a multifaceted approach in assisting existing agencies to reduce insurance fraud and auto theft by focusing on expanding fraud prevention programs in the areas of law enforcement, investigation, prosecution and public awareness.

During that year, **LATIFPA** established the following categories of programs eligible for funding:

- Law Enforcement/Detection/Apprehension programs that enhance or increase vehicle theft enforcement and prevention teams or efforts.
- Prosecution/Conviction programs that enhance prosecution and adjudication of incidences of insurance fraud.
- Public Awareness/Fraud Education and Prevention Programs designed to inform consumers on methods of preventing insurance fraud and vehicle theft, school programs designed to reduce the incidence of vehicle theft by juveniles, and collaboration with neighborhood, community or business organizations in the design of programs to reduce the incidence of vehicle theft.

Organizations that are eligible to apply for **LATIFPA** grants are local law enforcement agencies; local school systems; institutions of higher education; state agencies; and neighborhood, community or business groups. All organizations receiving funds from the **LATIFPA** will be required to report on the effectiveness of their efforts according to the Accountability Standards set forth by **LATIFPA**.



Law Enforcement/Detection/Apprehension

Grants may be awarded to law enforcement agencies throughout the state to promote efficient and effective law enforcement activities in vehicle theft investigation, enforcement and prevention as well as for the establishment of other detection/apprehension programs. Law enforcement agencies in Louisiana are notified of the availability and purpose of grant funds and are eligible to submit application for grants,

provided they comply with the terms and conditions of the grants. These grants are based on the evaluation of the grant proposal by the **LATIFPA** staff and bait vehicle program committee of the **LATIFPA** Board, with final approval given by its Board of Directors.

Examples of law enforcement, detection and apprehension programs that may be funded are:

- Proactive investigations focusing on career criminals or first-time offenders and organizations involved in motor vehicle theft activities through the use of surveillance, bait cars and other innovative investigative techniques.
- Proactive investigations that focus on the identification and elimination of operations that dismantle cars (chop shops) for the purpose of marketing stolen essential parts.
- Programs that combat automobile theft at the street level.
- Programs that reduce insurance fraud including accident, vehicle identity, heavy equipment, windshield replacement, arson claim, auto collision repair, homeowners', workers' compensation claim and life insurance claim.

In November, 2005, the **LATIFPA** board adopted a proposal to award a grant in the amount of \$11,512 to the National Insurance Crime Bureau for the purchase of a bait vehicle system for installation in a bait vehicle for use by the Northwest Louisiana Auto Theft Task Force, Shreveport Police Department. This technology utilizes computers, satellites and tracking devices, which alert police when the bait vehicle has been entered. This award represents the first in a series to be granted by **LATIFPA** for the implementation of the bait vehicle program. The vehicles being used have been donated by insurance companies and are deployed in high auto theft areas. In these areas police are signaled that the vehicle has been entered or moved which enables them to interrupt an act of auto theft and apprehend those responsible for the theft, thereby increasing the number of arrests and prosecutions associated with auto theft. This program is effective in deterring future offenders, which in turn reduces the number of vehicles lost by the public and reduces the cost of insurance claims to insurance companies.



Prosecution/Conviction

At present, the prosecution of vehicle theft fraud often remains a relatively low priority at the local and state level. This is due to 1) the judiciary not being aware of the seriousness of these crimes; 2) victims receiving insurance compensation; 3) prosecutions often being complex and expensive and (4) prosecutors and their staff being limited, even consumed, with prosecution of violent crimes.

Examples of prosecution/conviction programs that may be funded by **LATIFPA** are:

- Providing resources to increase the number of prosecutors and investigators to concentrate on vehicle theft cases to increase prosecutions and convictions and attack career thieves, chop shop operators, salvage yard operators and organized theft rings through aggressive vertical prosecution.
- Conducting workshops designed to train assistant prosecuting attorneys who specialize in automobile theft prosecution.
- Conducting workshops designed to train assistant prosecuting attorneys who are responsible for prosecuting people charged with insurance fraud.
- Conducting workshops designed to educate the Louisiana judiciary about the seriousness of automobile theft and insurance fraud and its impact on consumers, cities, parishes and the insurance industry.
- Designing and implementing programs to introduce and support legislative changes in statutes pertinent to the prosecution of automobile thieves and insurance fraud criminals.

Grants may be awarded to prosecutorial agencies use in Louisiana for the purpose of enhancing the prosecution of vehicle theft and insurance fraud. Prosecutorial agencies in Louisiana are notified of the availability and purpose of grant funds and are eligible to submit application for grants, in compliance with the terms and conditions of the grants. The awarding of grants is based on the evaluation of the grant proposal by the **LATIFPA** staff with final approval given by its Board of Directors.



Public Awareness/Fraud Education and Prevention

Although it may be difficult to measure the effectiveness of prevention activities, **LATIFPA** has established this category to include programs that promote public awareness regarding auto theft and insurance fraud, provide public training in theft prevention measures and support prevention programs.

Statistics indicate that in four out of five cases of auto theft, owners have left doors unlocked, and in one of five cases the keys has been left in the ignition. Public education campaigns and prevention training programs can increase individual awareness of the costs of auto theft, provide tips for the owners to assist in the prevention efforts and demonstrate the savings that preventive measures can yield.

Public awareness, consumer publications and educational campaigns can assist consumers in furnishing information that they may have about unscrupulous activities

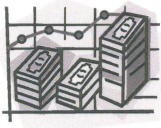
on the party of policyholders, agents, unlicensed insurance operations and deceptive trade practices. These techniques can also prevent consumers from becoming victims of insurance fraud.

Examples of public awareness/fraud education and prevention programs that may be funded by **LATIFPA** include programs that:

- Stimulate public awareness regarding auto theft and insurance fraud.
- Stimulate public awareness about the economic, social and public safety consequences of vehicle theft.
- Inform and encourage public participation in theft prevention and enforcement efforts.
- Encourage the use of fraud hotlines to report incidents of suspected auto theft and insurance fraud.
- Inform and educate the community about auto theft through neighborhood watch programs.
- Inform and educate middle and high school students about the consequences of auto theft and insurance fraud.
- Identify and promote the use of effective vehicle anti-theft devices.
- Partner with local governmental agencies and local law enforcement agencies together with community organizations in efforts to prevent vehicle theft and insurance fraud.

Grants may be awarded to various community organizations, local governmental agencies and local law enforcement agencies in the state to enhance public awareness regarding auto theft and insurance fraud. These organizations and agencies will be notified of the availability and purpose of grant funds and are eligible to submit application for grants in compliance with the terms and conditions of the grants. Grants are based on the evaluation of the grant proposal by the **LATIFPA** staff, with final approval given by its Board of Directors.

FINANCIAL REPORT



For the Year Ended December 31, 2005

Automobile Theft and Insurance Fraud Prevention Authority Fund

Pursuant to LRS 22:3204, the “Automobile Theft and Insurance Fraud Prevention Authority Fund” was established as a depository for all revenues received by **LATIFPA**. All monies in this fund shall be used only to enhance fraud prevention efforts as determined by the board.

Collections

All revenue of **LATIFPA** is derived from solicitation, grants and donations from any person or entity, private or public or the federal, state or local governments. Any monies received are immediately deposited upon receipt into the fund.

The monies in the fund shall be invested by the state treasurer in the same manner as monies in the state general fund. All interest earned on money from the fund and invested by the state treasurer shall be credited to the fund.

Revenue collections, through insurance industry solicitation, for Calendar Year 2005 were \$88,500. Additional revenue collections since that time total \$21,000.

Obligations

There were no expenditures for Calendar Year 2005. Executive Order KBB 2005-82 of the 2005 First Extraordinary Legislative Session mandated a five percent reduction to all statutory dedicated funds, resulting in a reduction of \$4,147 for the Automobile Theft and Insurance Fraud Prevention Authority Fund. Committed obligations for Calendar Year 2006 total \$49,999 as set forth in the General Cooperative Endeavor Agreement between **LATIFPA** and the National Insurance Crime Bureau.

All administrative expenses of **LATIFPA** are funded with self-generated funds of the Department of Insurance.

Collections Forecast

Anticipated revenue collections for Calendar Year 2006 are estimated at \$159,200. All revenue is expected to be derived from solicitation of private entities.

Louisiana Department of Insurance

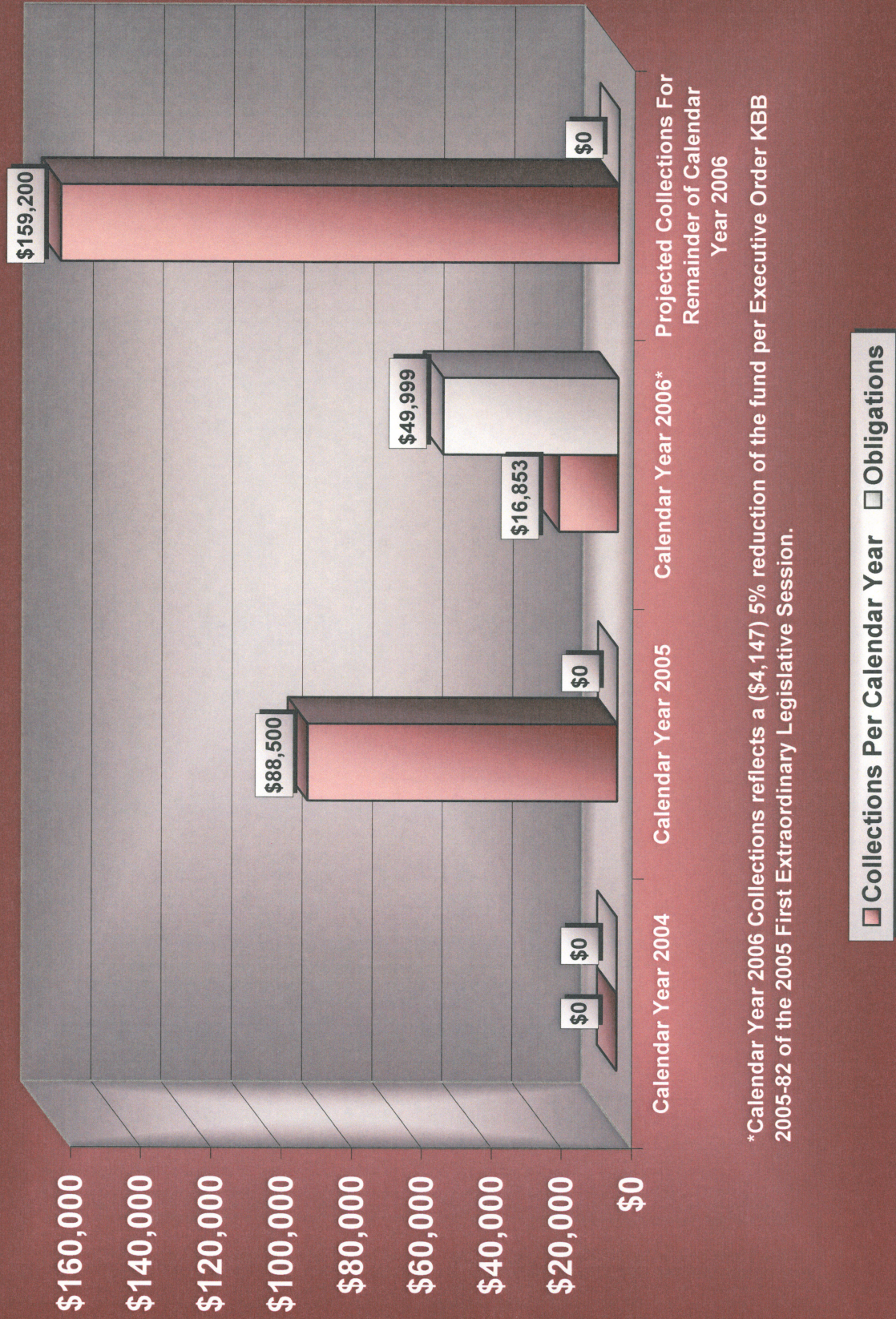
Automobile Theft and Insurance Fraud Prevention Authority Fund

	Calendar Year 2004	Calendar Year CY 2005	Calendar Year 2006	Projected For Remainder of Calendar Year 2006
Collections:				
Fund Balance (Prior Year Carryover)	\$0	\$0	\$88,500	\$55,354
Total Collections	\$0	\$88,500	\$21,000	\$159,200
Executive Order KBB 2005-82 (Executive Branch-Expenditure Reduction) of the 2005 First Extraordinary Legislative Session*	\$0	\$0	(\$4,147)	\$0
Total Collections Available for Expenditures	\$0	\$88,500	\$105,353	\$214,554
Obligations:				
Obligations:				
3 Year Cooperative Endeavor Agreement w/NICB beginning 2/22/06.	\$0	\$0	(\$49,999)	\$0
Remaining Statutory Dedicated Collections (After Obligations)	\$0	\$88,500	\$55,354	\$214,554

Act 711 of the 2004 Regular Legislative Session, effective August 15, 2004, established the Louisiana Automobile Theft and Insurance Fraud Prevention Authority to combat vehicle insurance fraud, including fraud by theft and other criminal acts. The Authority will solicit and accept gifts, grants, donations, loans and other assistance from various entities which will be deposited into the statutorily dedicated fund created by the Act and will be used solely for the purpose of establishing programs in conjunction with other state agencies, local governing authorities and law enforcement agencies for motor vehicle theft and insurance fraud prevention, detection and enforcement.

*Executive Order KBB 2005-82 of the 2005 First Extraordinary Legislative Session reduced statutorily dedicated funds by \$4,147. (FY 05/06 BA-7#2)

Automobile Theft and Insurance Fraud Prevention Authority Fund



*Calendar Year 2006 Collections reflects a (\$4,147) 5% reduction of the fund per Executive Order KBB 2005-82 of the 2005 First Extraordinary Legislative Session.

LOOKING AHEAD



At present, \$34,500 is available to be awarded to qualifying law enforcement agencies for continuation and expansion of the bait vehicle program. Vehicles provided by the NICB will be equipped with bait systems funded by **LATIFPA**.

The technology installed in these vehicles utilizes computers and tracking devices which alert police when the bait vehicle has been entered.

The vehicles, which have been donated by insurance companies, are deployed in areas of high auto theft. Once the vehicle is deployed, police wait for a signal to be transmitted, alerting them the vehicle has been entered or moved so that they may proceed to apprehend the criminals in the act of stealing the vehicle.

LATIFPA is making efforts at this time to solicit funding to be awarded to prosecutorial agencies in the state of Louisiana to enhance the investigation and prosecution of vehicle theft and insurance fraud. The prosecution and conviction of automobile thieves in particular is one of the most important means of breaking vehicle theft rings and reducing the economic incentives for automobile theft. Having a special prosecutor handling vehicle theft cases through both district and circuit courts has proven very effective in achieving convictions. Having a dedicated investigator will expedite the review of cases presented for prosecution, thereby increasing the number of convictions, increasing the number of restitutions awarded for damages and sending a clear message that auto theft will be pursued aggressively.

In other states where auto theft prevention authorities have been created, funding for prosecution activities has been very successful. States such as Michigan, Maryland, Arizona and New York have experienced a decrease in auto theft cases as a result of an increase in the conviction rates. These states cite vertical prosecution as an effective tool in combating vehicle theft and insurance fraud. Vehicle theft claims are the number one property and casualty crime in the nation and can be cited as a major reason for high insurance premiums in Louisiana.

LATIFPA has allocated funding in 2006 for a public awareness program that will inform and educate middle and high school students about the consequences of auto theft. Auto theft is a gateway crime that potentially leads children and/or adolescents to more destructive or criminal behavior. This type of program explores the relationship among the parties involved when an auto theft occurs and the impact the theft has on the juvenile's family, the individual or family of the victim and the long-term effect this activity has on the community where the juvenile offender lives. A program like this encourages good driving habits and educates young drivers on how to prevent auto thefts. Such a program is typically administered in partnership with the respective auto theft authorities, judges of juvenile courts, insurance company claim managers and law enforcement officials specializing in auto theft. Plans are to make the program available to public and private schools in areas with a high rate of juvenile auto thefts and auto-related criminal activities.

Similar programs have been successful in the reduction of juvenile auto theft and prosecution in Maryland and Florida.

Consideration is also being given at this time to the funding of a vehicle decal identification program that has been effective in other states, specifically Arizona and Minnesota and is designed to increase public participation in fighting auto theft. Similar programs have been effective in New York, Texas, Virginia and Illinois. Such programs are designed to encourage the use of proactive anti-auto theft measure. Vehicle owners receive a decal for display on the vehicle's window. By displaying the decal, vehicle owners convey to law enforcement officials that their vehicle is not usually in use between the hours of 1:00 a.m. and 5:00 a.m. when the majority of auto thefts occur.

If a police officer witnesses the vehicle in operation during those hours, they have the right to stop the vehicle to verify that it is being operated by the rightful owner. That verification would include asking the vehicle operator to produce a valid driver's license and proof of insurance card.

SPECIAL THANKS

The Louisiana Automobile Theft and Insurance Fraud Prevention Authority Board of Directors and staff acknowledge the following companies and organizations for their support and assistance.

US Agencies Casualty Insurance Company
National Automotive Insurance
Safeway Insurance Company of Louisiana
Imperial Fire and Casualty Insurance Company
Direct General Insurance Company of Louisiana
Louisiana Farm Bureau Casualty Insurance Company
Metropolitan Property & Casualty Insurance Company
State Farm Insurance Companies
Allstate Insurance Company
GEICO Insurance Company

Louisiana State Police Insurance Fraud Unit
National Insurance Crime Bureau

Appendix 1

CHAPTER 9. LOUISIANA AUTOMOBILE THEFT AND INSURANCE FRAUD PREVENTION AUTHORITY

§3201. Definitions

As used in this Chapter:

- (1) “Authority” means the Louisiana Automobile Theft and Insurance Fraud Prevention Authority.
- (2) “Board” means the board of directors of the Louisiana Automobile Theft and Insurance Fraud Prevention Authority.
- (3) “Fund” means the automobile insurance theft and fraud prevention fund administered by the board of directors as a dedicated fund in the state treasury.
- (4) “Motor vehicle” means every automobile or other motor vehicle which is self-propelled, other than trains and those propelled by electric power from overhead wires.

Added by Acts 2004, No. 711, §1, eff. August 15, 2004.

§3202. Authority; creation, powers

A. There is hereby created a public agency to be known as the Louisiana Automobile Theft and Insurance Fraud Prevention Authority, the purpose of which is to combat motor vehicle insurance fraud, including fraud by theft and other criminal acts.

B. The purposes, powers and duties of the authority shall be vested in and exercised by a board of directors.

C. The board of directors shall consist of the commissioner of insurance or his designee, the state treasurer or his designee, a representative of the Louisiana State Police Insurance Fraud unit, the chairman of the Senate Committee on Insurance or his designee, the chairman of the House Committee on Insurance or his designee, and six members to be appointed as follows: four members shall be appointed by the commissioner, including two members representing purchasers of motor vehicle insurance in this state and two members representing motor vehicle insurers doing business in this state. Two members shall be appointed by the attorney general, both of whom shall represent law enforcement officials in this state. The commissioner shall serve as chairperson of the authority.

D. The members of the board of directors, except the commissioner of insurance or his designee, the state treasurer or his designee, the representative of the Louisiana State Police Insurance Fraud unit, and the legislative members serving on the board, shall not be considered public employees by virtue of their service on the board of directors.

Appendix 1 (Continued)

E. Members of the board shall serve without compensation for their service on the board, except that members of the board may receive reasonable reimbursement for necessary travel and expenses.

F. A majority of the members of the board shall constitute a quorum for the transaction of business at a meeting, or the exercise of a power or function of the authority. Notwithstanding any other law to the contrary, any action may be taken by the authority at a meeting upon a vote of the majority of the members present. The authority shall meet at the call of the chairperson or as may be provided in the bylaws of the authority. Meetings of the authority may be held anywhere within the state, and shall be open public meetings.

G. (1) The authority shall be within the Department of Insurance.

(2) A director and assistant director shall be selected by the board and serve at the pleasure of the commissioner of insurance, shall be considered public employees, and shall operate the daily affairs of the authority as specified herein and by the board.

(3) The attorney general or his designee shall serve as the authority's legal counsel.

H. The authority shall be subject to the provisions of law regarding public records (R.S. 44:1 et seq), open meetings (R.S. 42:4.2 et seq), and public bid (R.S. 38:2211 et seq).

Added by Acts 2004, No. 711, §1, eff. August 15, 2004.

§3203. Authority; further powers and duties

The authority shall have the powers necessary and convenient to implement and effectuate the purposes and provisions of this Chapter and the purposes of the authority and the powers delegated by other laws, including but not limited to the power to:

(1) Sue and be sued; have perpetual succession; make, execute and deliver contracts, conveyances, and other instruments necessary and convenient to the exercise of its powers; and to make and amend its bylaws by a majority vote of the board.

(2) Solicit and accept gifts, grants, donations, loans, and other assistance from any person or entity, private or public, or the federal, state, or local governments or any agency thereof, said gifts, grants, donations, loans, and other assistance to be immediately deposited upon receipt into the fund described in R.S. 22:3204(A).

(3) Establish programs in conjunction with other state agencies, local governing authorities, and law enforcement agencies for motor vehicle theft and insurance fraud prevention, detection and enforcement, which shall include the Attorney General's Criminal Division and Investigation Division.

Appendix 1 (Continued)

(4) Make grants to other state agencies, local governing authorities, and law enforcement agencies for motor vehicle theft and insurance fraud prevention, detection and enforcement.

(5) Procure insurance against any loss in connection with its property, assets or activities.

(6) Deposit all monies received for the purposes of this Chapter into the Automobile Theft and Insurance Fraud Prevention Authority Fund, provided for in R.S. 22:3204.

(7) Contract for goods and services and engage personnel as is necessary, including the services of private consultants, auditors, and others for rendering professional services, as provided by law, payable out of any money of the fund legally available for such purpose. Additionally, the board may authorize the attorney general to contract for the services of ad hoc prosecutors or other legal assistance, payable out of any money of the fund legally available for such purpose.

(8) Indemnify and procure insurance indemnifying the members of the board from personal loss from liability resulting from an action or inaction of the board.

(9) Do all other things necessary and convenient to achieve the objectives and purposes of the authority of this Chapter.

Added by Acts 2004, No. 711, §1, eff. August 15, 2004.

§3204. Automobile Theft and Insurance Fraud Prevention Authority Fund

A. There is hereby established a fund in the state treasury to be known as the "Automobile Theft and Insurance Fraud Prevention Authority Fund," hereafter referred to as the "fund," into which the state treasurer shall each fiscal year deposit the revenues received from those sources provided for by this Chapter and other sources as provided for by law after those revenues have been deposited in the Bond Security and Redemption Fund. Out of the funds remaining in the Bond Security and Redemption Fund after a sufficient amount is allocated from that fund to pay all obligations secured by the full faith and credit of the state that become due and payable within each fiscal year, the treasurer, prior to placing such funds in the state general fund, shall pay into the fund an amount equal to the revenue generated from collection from those sources provided for by this Chapter and other sources as provided for by law. No expenditures shall be made from the fund unless first appropriated by the legislature. The monies in the trust fund shall be invested by the state treasurer in the same manner as monies in the state general fund. All interest earned on money from the fund and invested by the state treasurer shall be credited to the Automobile Theft and Insurance Fraud Prevention Authority Fund.

B. Any monies in the Automobile Theft and Insurance Fraud Prevention Authority Fund shall be administered only by the director of the authority, upon a majority vote of the board, in the following order of priority:

Appendix 1 (Continued)

- (1) To pay the costs of administration of the authority.
- (2) To pay the costs of legal counsel.
- (3) To achieve the purposes and objectives of this Chapter, which may include but not be limited to the following:
 - (a) Providing financial support to state or local law enforcement agencies, including but not limited to the office of attorney general, for motor vehicle theft and insurance fraud prevention, detection and enforcement.
 - (b) Providing financial support to state or local law enforcement agencies, including but not limited to the office of attorney general, for programs designed to reduce the incidence of motor vehicle theft and insurance fraud.
 - (c) Providing financial support to state and local prosecutors, including but not limited to the office of attorney general, for programs designed to reduce the incidence of motor vehicle theft and insurance fraud.
 - (d) Conducting educational programs designed to inform motor vehicle owners of methods of preventing motor vehicle theft and insurance fraud.

C. All monies in the Automobile Theft and Insurance Fraud Prevention Authority Fund shall be used only to enhance fraud prevention efforts as determined by the board.

Added by Acts 2004, No. 711, §1, eff. August 15, 2004.

§3205. Plan of operation

A. The authority shall develop and implement a plan of operation upon the recommendations of the director no later than the first of January 2005.

B. The plan of operation shall include an assessment of the scope of the problem of motor vehicle theft and insurance fraud, including a determination of particular areas of the state where the problem is most severe, an analysis of various methods of combating the problem of motor vehicle theft and insurance fraud, a plan for providing financial support for efforts to combat motor vehicle theft and insurance fraud, and an estimate of funds required to implement the plan.

C. The authority shall report annually on or before March first to the House Committee on Insurance and the Senate Committee on Insurance on its activities in the preceding year.

Appendix 2

The Board of Directors of the Louisiana Automobile Theft and Insurance Fraud Prevention Authority as of December 31, 2005 were as follows:

The Honorable James J. Donelon, Chair
Commissioner of Insurance
Louisiana Department of Insurance
P. O. Box 94214
Baton Rouge, Louisiana 70804-9214
Phone (225) 342-5423
Fax (225) 342-1632
jdonelon@ldi.state.la.us

The Honorable John Kennedy
State Treasurer
Department of the Treasury
State of Louisiana
P. O. Box 44154
Baton Rouge, Louisiana 70804-4154
Phone (225) 342-0010
Fax (225) 342-0046
awashington@treasury.state.la.us

Lieutenant Allen Carpenter, Supervisor
Louisiana State Police Insurance Fraud Unit
7919 Independence Boulevard
Baton Rouge, Louisiana 70806
Phone (225) 925-3818
Fax (225) 925- 3819
acarpent@dps.state.la.us

Honorable Karen R. Carter
Chairperson, House Insurance Committee
Louisiana House of Representatives
P. O. Box 44486
Baton Rouge, LA 70804
Phone (225) 342-2406

District Office:
1100 Poydras Street, Suite 1230
New Orleans, Louisiana 70163
Phone (504) 568-8346
Fax (504) 568-8405
Larep093@legis.state.la.us

Appendix 2 (Continued)

Honorable James David Cain
Chairperson, Senate Insurance Committee
Louisiana State Senate
P. O. Box 44486
Baton Rouge, Louisiana 70804
Phone (225) 342-0336

District Office:
P. O. Box 640
Dry Creek, Louisiana 70637
Phone (337) 328-7266
Fax (337) 491-2027
cainj@legis.state.la.us

Mr. Mike Boydstun
347 Marthaville Road
Many, Louisiana 71449
Phone (318) 352- 7446
Fax (318) 352- 9750
Cell (318) 663- 4714
boydstum@bellsouth.net

Mr. Joseph Dupuis, Jr., Attorney at Law
Milling, Benson & Woodward
P. O. Box 51327
Lafayette, Louisiana 70505-1327
Phone (337) 232-3929
Fax (337) 233-4957
jdupuis@millinglelafayette.com

Mr. Richard Soileau, General Manager
Safeway Insurance
P. O. Box 92010
Lafayette, Louisiana 70509
Phone 1-800-252-3251, Ext 520
Phone (337) 261-1520
Fax (337) 234- 7205
Cell (337) 739-3344
RSoileau@safewayins.com

Appendix 2 (Continued)

Mr. Larry E. Hinton
General Counsel
GEICO Companies
One GEICO Plaza
Washington, DC 20076
Phone (301) 986-2081
Fax (301) 718-5207
lhinton@geico.com

Mr. Clement Story, III
Louisiana Department of Justice
Special Counsel to the Attorney General
Louisiana Department of Justice
P. O. Box 94005
Baton Rouge, Louisiana 70804-9005
Phone (225) 326-6704
Fax (225) 326- 6797
storyc@ag.state.la.us

Mr. Rodley Henry
Deputy Director, Public Protection Division and
Chief of the Auto Fraud Section
Louisiana Department of Justice
P. O. Box 94005
Baton Rouge, Louisiana 70804-9005
Phone (225) 326-6450
Fax (225) 326- 6497
Henryr@ag.state.la.us

Appendix 3

The Louisiana Automobile Theft and Insurance Fraud Prevention Authority Staff:

Denise E. Cassano, Director
Louisiana Automobile Theft and Insurance Fraud Prevention Authority
P. O. Box 94214
Baton Rouge, Louisiana 70804-9214
Phone (225) 342-0819
dcassano@ldi.state.la.us

Kevin J. Smith, Assistant Director
Louisiana Automobile Theft and Insurance Fraud Prevention Authority
P. O. Box 94214
Baton Rouge, Louisiana 70804-9214
Phone (225) 210-0452
ksmith@ldi.state.la.us

Chris B. Fontenot, Legal Counsel Appointee
Louisiana Automobile Theft and Insurance Fraud Prevention Authority
P. O. Box 94214
Baton Rouge, Louisiana 70804-9214
Phone (225) 219-0585
cfontenot@ldi.state.la.us

For more information about the Louisiana Automobile Theft and Insurance Fraud Prevention Authority, you may access the Louisiana Department of Insurance official Web site at <http://www.lds.state.la.us>. You may contact the Louisiana Department of Insurance at (225) 342-5900 or by fax at (225) 342-1632. The toll-free number is 1-800-259-5300.